

AOC

ALBERTA
OPPORTUNITY
COMPANY

TODAY

Entrepreneurship Offers Security to Corporate Downsizing Casualty

Ask Bill Quaschnick to whip up a café latte and he'll pull it off like a pro. Ask him to calculate oil well production volumes and he's equally adept.

Quaschnick is one of a rapidly growing number of Albertans pulling together their severed corporate ties and securing new careers as entrepreneurs. When his 19-year job with a major oil company came to an abrupt halt in 1992, he abandoned his profession in favor of becoming his own boss in an entirely different industry.

"We always wanted to try and have a business, some shop of some sort. My severance package made it easier for us to do it," says the former production accountant who purchased a McBeans coffee outlet in Grande Prairie with the help of Alberta Opportunity Company financing.

"I thought about looking for another job in my field but that would have meant moving, and then my wife would have had to look for a job."

More and more people, like Quaschnick, are responding to tough economic times by working for themselves. Statistics show that between January and October 1993, self-employment in Canada grew by 84,000 — a 17 per cent increase from the same period in 1992. The majority of this growth has been in the service and retail trade sectors.

"The benefit is that I can foresee what's happening, whereas with big companies you don't know whether you're going to have a job from day to day," he says.

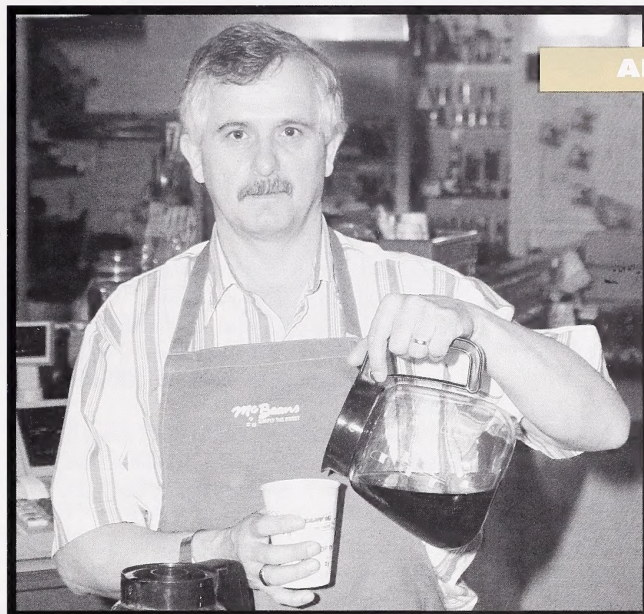


Photo: Paul Mangat

"I think all big companies are at that stage nowadays where they can't even plan ahead for six months."

Futurist John Yerxa predicts continuing instability in the workforce will stimulate the creation of an entirely new crop of independent business operators.

"As more and more middle managers accept the idea that industry isn't going to absorb them, they will inevitably start thinking about something entrepreneurial," he maintains.

Even though selling coffee for a living differs vastly from filing corporate reports, Quaschnick says his past work experience provided him with valuable ideas that he's been able to implement in his own

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Bill Quaschnick:
Investing in job security.

business. Overall, his transition from employee to employer has been relatively smooth.

"What I miss the most is the technical work and working with associates. What I don't miss are the office politics," he notes.

What Quaschnick has come to appreciate is the freedom he's gained by

being accountable to only himself.

"When you get to be your own boss, you call your own shots," he says, emphatically shaking his head when asked if he'd take his old job back if offered to him.

"...I can foresee what's happening, whereas with big companies you don't know whether you're going to have a job from day to day."

"I would maybe contract out my services but I wouldn't want to be in that situation again, working for someone else."

While hundreds of Albertans have had to adapt to massive corporate cutbacks and a rapidly changing workforce, business itself has also had to cope with tough times. AOC Today looks at how some Alberta businesses — including AOC — have taken action in an effort to outwit the economy and emerge stronger, leaner and more productive than ever.

New Strategies Crucial Element of Chemical Company's Survival

When Blair Jones started Pro-Tech Seal Manufacturing Inc. in 1986, he had it made. The automobile industry was booming, providing a robust market for his line of new vehicle protection chemicals.

When Canada's economy stumbled in the early 90s, the picture changed severely, leaving Jones with little choice but to implement drastic changes or watch all that he'd worked for slip away.

"During the late 80s when car sales were booming, our sales were expanding rapidly. It was only natural that we open warehouses and offices in our key market areas," says Jones, who in 1992 turned to AOC financing for his Edmonton-based business.

These days, his focus has altered dramatically and he's swiftly moving from widespread asset growth to compressing operations in an effort to reduce profit-draining overhead.

"We've had to downsize by consolidating office locations, reducing inventory and offering volume discounts to our clients," he explains.

Two years ago, Pro-Tech occupied administrative and warehouse property in Edmonton, Regina, Saskatoon, Vancouver, Winnipeg, Toronto, Montreal and Quebec. Three offices have since been closed and the company is currently working on linking its eastern Canadian operations to one central location.

"We still have as many people working for us," notes Jones, who employs 10 staff members and 12 independent agents.

"Doing this consolidating hasn't affected our services. We're still able to get our product to clients on time."

Jones also cut expenditures by taking a good, hard look at the price of doing his own business.

"We have gone around to all of our warehouse locations and everybody that does business for us and negotiated terms and conditions that better suit our situation."

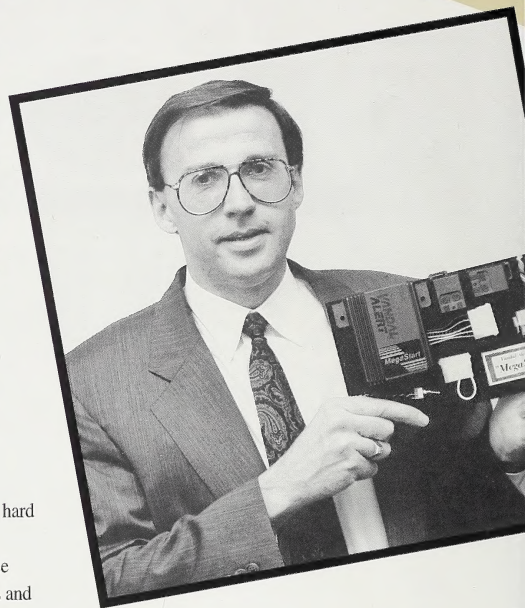
In an effort to quell Pro-Tech's reliance on new car sales, Jones has introduced new products aimed at auto dealerships' needs to support the growing used vehicle market.

"There are two ways to keep business up. You either add new customers or sell more things to the same customers," he says.

To that end, Pro-Tech has introduced a line of products including cleaning agents and anti-theft systems which auto dealers — his main clients — can promote to all customers.

"There are two ways to keep business up. You either add new customers or sell more things to the same customers."

Jones has also decided to work with, rather than against harsh economic times by capitalizing on the abundant expertise available in today's marketplace. Having taken on and then paid out five partners throughout the years, he's concluded that the answer to profitability lies in retaining working partners who have a true stake in the business.



Blair Jones: Wooing investors and new revenue by selling job security.

"It's the perfect solution," he says, noting it's a scenario that wouldn't have been viable a decade ago.

"There are a lot of people out there now between the ages of 30 and 50 who have unbelievable contacts, unbelievable skills and expertise and they don't have jobs. They want to buy a piece of security and that's what we're offering."

Despite the new tack Jones has taken with his

company, he won't ignore its roots and the potential it has to capture again what was once an extremely lucrative market.

"Things are starting to change again," he surmises.

"There's pent up demand for new vehicles. People have been waiting

and waiting and waiting to purchase because of all the doom and gloom that's out there. This can only go on for so long, then repair bills start exceeding car loan payments and people give in. We're getting to that point now . . . it's just starting to happen."

When it does, he'll be ready.

Change is the Order of the Day for Versatile Lethbridge Entrepreneur

Ever since he took over Lethbridge Custom Canvas Ltd. in 1989, AOC client Barry Fawcett learned it was essential to be as versatile in his business operations as the fabric he sells.

"We've had to make a lot of changes to keep up with things. It's the new things we've added that have made a difference," says the 20-year canvas industry veteran.

The declining economy not only stifled orders for tailor-made industrial covers and tarps, but also put a squeeze on Trim-Tops, his company's flourishing counter-top replacement service.

"When we took over the business, over 80 per cent of our counter-top sales were to cabinet makers. Business was brisk and people in the wholesale business liked us because, using our countertops, they could get in and out of houses quickly," recalls Fawcett.

"When the recession hit, we had nothing to do because wholesalers had less work. At the wholesale level, there are only a few players involved because there are only so many cabinet makers in the area, and all of a sudden — zap — you're left out in the cold because the economy has changed.

"We had to start all over and market differently to capture the retail business."

Today, 60 per cent of Trim-Tops' business is in the retail trade, compared to only 20 per cent a few years ago. The shift from serving 12 sure-fire clients to mass marketing to some 100,000 potential customers boosted Fawcett's advertising costs substantially but it wasn't a high price to pay for a more reliable source of income. He also hired an additional employee to enable the company to fully meet the demands of its new client base.

"With our emphasis on retail we could no longer be a 'Johnny-one-note' kind of company with only one service. It's made all the difference in the world because becoming a 'full service' company means we have a much broader base of sales," he says.

"I expect this will be a growth area in our company. Here is where experience and expertise all come together along with our product."

While Fawcett strived to unearth new sales for his counter-top trade, he also juggled with difficulties emanating from the canvas-side of his company. A sharp decline in road construction snuffed out orders for asphalt tarps — always a steady money-maker for the business.

"If we'd have stuck with just what was here five years ago when we came in here, our sales would not be what they are today."

"Luckily, we had added to our product line and got involved in tent rentals. Sales from that made up for the losses we experienced in other areas.

"We have an advantage now in that having diversified into the rental business, now that road-building has picked up, we have extra sales over and above what we ever had before."

Fawcett points out not everything he's tried has been so flawless. A styrofoam-cutting machine he purchased as a means of tapping into yet another source of income turned out to be a white elephant.

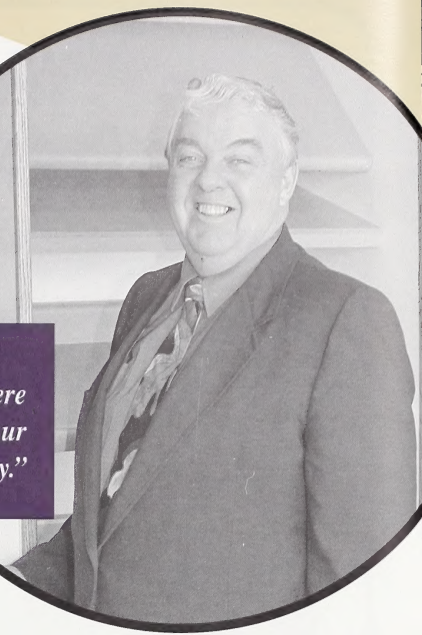
"Not every decision you make is perfect. The trouble with diversification, as far as I'm concerned, is that ideas are a dime a dozen. Whether you can do it or not, that's not the ticket. It's whether or not you can market it and marketing's expensive," he notes.

"Now, when we come up with ideas, we always look for things we can target market. For example, we've started an awning cleaning service. We can target it well by just having flyers dropped off to every business. There's no sense sending an awning-cleaning brochure to a basement residence."

Despite the risks and costs involved with implementing change in a business, Fawcett is convinced that in these times it's essential to be flexible and willing to adapt to constantly changing scenarios.

"If we'd have stuck with just what was here five years ago when we came in here, our sales would not be what they are today. They would be down considerably . . . we'd be in the soup," he maintains.

"We've had a sales increase every year since coming here. Sometimes it's just been a slight increase but this past year we had our best year — up more than 10 per cent and in this market, we think that's significant. If the economy was even to start firing on six or eight pistons we'd be in a position to do really well."



Barry Fawcett: Changing with the times.

It's rare - and only in a perfect world - that business operators can simply sit back and watch the profits roll on in. These days, the only sure thing that's bound to roll are the punches, making it critical for entrepreneurs to be more aggressive and agile than ever.

When it comes to fighting tough times, there are no hard and fast rules. There are no quick-fix formulas. A new product might be the solution, or it could mean refocusing your marketing efforts. It all comes down to adapting. And acknowledging the need for change in the first place.

AOC accounting consultant Dave Savage shares some practical tips to spur you into action and help you take care of your business for the better and more importantly, for the future.

Budget Cuts Prompt AOC to Get Back to Basic Business of Lending

AOC, like any other business, isn't immune to tough times. In response to government budget cuts, it recently adopted a three-year plan aimed at reducing net operating costs by streamlining operations, increasing lending activities and cutting out supplementary services such as conference programs and free business counselling.

"The province's deficit reduction strategy has made it essential for us to get back to basics and down to our core business of lending money to entrepreneurs," says AOC President Jim Anderson.

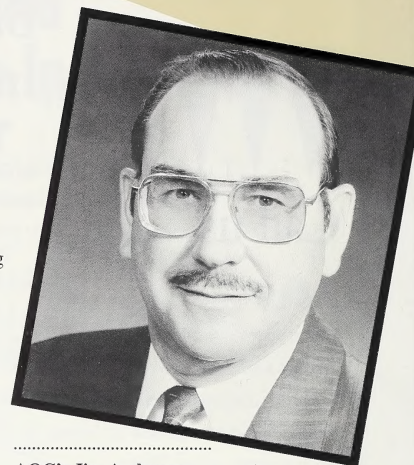
"While in the past we were able to offer a broad-range of business-related services, this will no longer be possible. It's important to note that we have not substantially reduced our branch operations and we remain ready, willing and able to meet the needs of those small and medium-sized businesses that are having difficulty obtaining financing from private sector commercial lenders."

Changes to AOC, effective April 1, 1994, include closure of its Lloydminster branch office, with accounts from that area to be handled by staff in St. Paul, Edmonton and Ponoka. The company's Corporate Marketing division, which organized educational programs such as the annual Entrepreneurs Conference, will be abolished and the Seed and Venture Funding division will no longer seek investment activities.

In order to generate essential revenue, fees will be charged for business consulting services which were previously free of charge to AOC clients. AOC will also introduce loan application fees and a schedule of interest rates that will be higher than what is currently charged but still competitive with those of private sector lenders.

"We've had to make some tough decisions but we understand the necessity, and I know that, as business people, so will our clients. Times have changed and it's essential that we adapt," says Anderson.

"What hasn't changed is our commitment to our clients and to entrepreneurship. Now, more than ever, small business will be the driving force behind Alberta's economy — we're here to support it and give it that crucial opportunity to thrive and prosper."



AOC's Jim Anderson

Take Stock, Take Action . . . Adapt to Tough Times!

Assess Performance

- A decrease in sales; a build-up of accounts payable; inability to make loan payments on time; and operating loans that remain high or at their maximum are all danger signals that should spur you to take action.
- To gain a realistic understanding of exactly where your business is at, it's wise to obtain an objective viewpoint from an outside source such as your accountant.

Map Out Your Strategy

- Once the problem has been identified, immediate action should be taken to minimize further losses.
- Develop a written plan of attack citing what changes need to be made, how you plan to achieve those changes, and exactly what you are trying to accomplish.



Dave Savage

Take Action

- Here are some options to consider for putting your business back on track: seek the services of turnaround specialists such as AOC's business consulting group; meet with your banker and accountant for recommendations; cut non-fixed costs; sell off fixed assets that aren't being used; assess staffing requirements; renegotiate supplier arrangements; take on a new partner; look for new customers by changing your product line or focus.

Assess Results

- Change doesn't happen overnight, and nor do results! Be patient, monitor the effects of your modifications and most importantly, don't rely on automatic success . . . try, try and try again until you fully meet your business goals.

For more information about AOC's business consulting services, call 1-800-662-7153.



Call us . . .

AOCToday was created to meet your information needs. If there's a business issue you want to see addressed, facts you need to know or a story you'd like us to share, call us! We've got an edition of 'Creating the Service Culture' for the best suggestion we receive.

We also want to help you in your entrepreneurial endeavours. If you're looking for business partners, seeking an investment opportunity or trying to sell your own operation, call us! We'll make an effort to pass your needs onto our readership.

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Design: Linda Blanchett



Business Issues, Financing Information Top Agenda for Readers

Take heed! We've tallied up the responses from our December readership survey and we're poised to make AOC Today better than ever.

We're happy to report that 95 per cent of you actually read AOC Today — a major feat given the enormous time restraints faced by entrepreneurs and the never ending paper flow that's a part of every business.

The dozens of comments we received, from flattery to frank criticism, confirm that we've definitely managed to catch your attention! More importantly, they've given us invaluable insight into what you, the reader, want to see in future editions of AOC Today. Whether it's foreign trade or customer service, we'll do our best to cover the many significant business issues you've brought to light.

Thanks to all of you who took the time to respond to our survey. By hearing from those who know best, we've got a first hand chance to be the best — let the challenge begin!



AND THE WINNER IS . . .

AOC Today Editor Debbie Hunchak presents Bonnie Fox of Health Services Inc. with an Entrepreneurs Conference sweatshirt. The Calgary business owner was the winner of our readership survey draw, with her name chosen from more than 160 participants. It just so happens that Fox began receiving AOC Today as a result of attending our 1993 conference, making her prize a perfect fit!

Welcome Aboard!

We're proud to welcome the following companies to the AOC family:

Balloonabrations, Lethbridge
Beach Interiors, Calgary
Builder Experts Inc., Calgary
Country Food Mart, Black Diamond
Crystal Clean Ltd., Lethbridge
Eclipse Technologies, Edmonton
Flowers for Less, Grande Prairie
J & A Consortium Ltd., Calgary
K.C. Seals Inc., Calgary
King George Cafe, Edmonton
Lethbridge Truck & Auto Maintenance (1992) Ltd., Lethbridge
Mae's Trucking (1981) Ltd., Manyberries, Alberta
Peppy's Restaurant & Lounge, Mayerthorpe
Ray's General Store, Enilda
Stony Plain Secretarial Services Ltd., Stony Plain
Sylvan Lake Hardware, Sylvan Lake

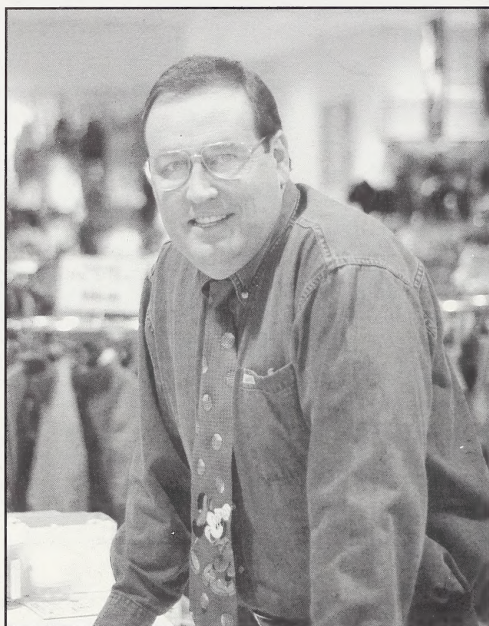
Congratulations . . . You Made It!

We extend our best wishes to the following companies that recently paid out their AOC loans:

Ahnell's Jewellery Ltd., Whitecourt
Carway Engine Services Ltd., Bonnyville
Cast Away Sports, Sylvan Lake
Clean-Wright Dry Cleaners, Wainwright
Dennis' Mobile Glass Ltd., Taber
Fire Power Oilfield Firefighting, Grande Prairie
Happy House Books & Natural Foods, St. Paul
Larouche Logging Ltd., Edson
Mike's Lube 'N' Clean Ltd., Grande Prairie
Nemeth Nutrition Center Ltd., Lethbridge
Paceway Express, Medicine Hat
Sudden Fun Recreation Equipment Ltd., Bragg Creek
Touch of Eloquence (Alberta) Inc., Sherwood Park



What do Murray Wedin and Alberta Opportunity Company have in common?



Both of them are key players behind Wedin's — a one-stop shop handling everything from pucks to pyjamas.

Murray built this business 17 years ago, turning an empty lot into a Ponoka landmark.

Alberta Opportunity Company joined the cause by providing the financing he needed when the banks turned him down.

Determination, ambition, and a commitment to customer service enabled Murray Wedin to make the most of his concept.

A business loan from AOC made it all possible.

If you're planning on launching a venture, purchasing a business, or expanding your existing operation, call us.

We want to help you build your future.

Alberta Opportunity Company
Helping entrepreneurs succeed.



Murray Wedin
Wedin's Department Store

1-800-661-3811

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